

SPEECH

OF

HON. CHARLES G. ATHERTON,

OF NEW HAMPSHIRE,

ON THE TWELVE MILLION LOAN BILL;

DELIVERED IN THE

HOUSE OF REPRESENTATIVES,

MONDAY, JULY 12, 1841.

WASHINGTON :

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SPEECH.

In the House of Representatives, July 12th, 1841—
In Committee of the Whole on the state of the Union, on the bill authorizing a loan of twelve millions of dollars.

Mr. ATHERTON said:

Mr. Chairman: I certainly concur with the gentleman from Georgia [Mr. DAWSON] who has just addressed the committee, that it is best on all occasions to deal openly and candidly with the people, and to attempt to practise on them no concealments nor disguises. I believe the people desire this treatment, and will, at once, be suspicious of those who pursue a contrary course. And to nothing are these remarks more strongly applicable, as it seems to me, than to the various attempts which have been made here and elsewhere, to charge upon the late Administration the fact of creating a large public debt. The people are intelligent as well as honest, and when this accusation is brought forward, they will inquire whether its authors are consistent and uniform in the calculations on which they base the charge. If they find one person stating the debt at one amount, and another at one quite different, they will very reasonably suspect there is some delusion in all the statements, and that none can be safely relied upon. Sir, the course of the friends of the Administration has been most extraordinary on this subject. They seem to have determined upon the conclusion that the country has been plunged in debt by the late Administration, but differ altogether in the methods by which they arrive at this satisfactory result. The report of the Secretary of the Treasury—that document which ought to give to the House and the country a full and clear and intelligible account of the finances, seems to have led his friends to variant and contradictory conclusions. From one part of the report, the inference has been attempted, in the public prints, and even here, that this cherished debt is thirty-one millions of dollars. From reference to another portion of the same document, the sum has been settled at sixteen millions, while another explorer returns from his voyage of financial discovery with the cheering fact that the debt is only something like twelve millions. This latter sum is that which it is now generally conceded the Secretary indicates in his report as the amount of “debt and deficit,” (mark, sir, not of debt;) and is that recognised by the chairman of the Committee of Ways and Means, who is the authoritative exponent of the subject on this floor.

One remarkable fact cannot escape our observation. The Secretary of the Treasury, although he devotes a portion of his report to “the public debt,” does not condescend to give us information as to

its amount. Is not this almost incredible? He, the officer who has the means of giving this information, and whose duty it is to disclose to us the true condition of the Treasury, though he enlarges much upon a public debt, does, in no part of his report, definitely state what that debt is. Can there be any excuse for this, except that the debt, exactly stated, would seem so trifling and inconsiderable, compared with that created by the splendid imaginations of his friends, as to be quite unworthy of particular notice? I do not assert, for I do not know, that the design was to leave the matter still in doubt and mystery, and thus still give play to those fertile imaginations, but I say such has been the effect of this unprecedented course. Nor can I for a moment believe that, if the amount of the public debt were as great as any, the least of those sums so frequently repeated by gentlemen of the Administration party, the Secretary could have been so *deficient in duty* as not to inform Congress particularly of so important a fact.

To those who were here at the session of last winter, these endeavors to inculcate the idea of a large debt are not new. They were then commenced, and have ever since been sedulously continued. Perhaps it would be going too far to say of gentlemen, that their wish was “father to their thought;” but it certainly is demonstrable from their own data, that no ground then existed, or now exists, for their contradictory and monstrous results. They stand condemned by each other. They stand condemned and exposed by the report of their own Secretary, which, so far as it proves any thing, overthrows and scatters to the winds all their calculations—calculations which, though brought forward with all the parade of mathematical accuracy, are figurative in more senses than one. None who were here can forget the exhibit made last winter by the gentleman from New York, [Mr. BARNARD] which gave currency to the assertion that this debt was forty millions of dollars. I learn that the gentleman from New York has disclaimed having intended to be so understood. That I may do him no injustice I have procured a copy of his speech, as reported by himself, and will read extracts from the portion to which I refer. The introduction to his statement is as follows:

“But the President thinks himself justified in declaring on the whole, that this Government has relieved itself entirely from debt.” I am not able to flatter myself so much in regard to this item in our financial condition, as the ominous statements which I hold in my hand, and will now present, may serve to show.”

Then follows the statement, headed: “Statement of the public debt, regarded as ascertained and certain,

existing on the 1st of January, 1841, though the amounts may not be exact."

The items are then given, including \$9,000,000 for the fourth instalment under the deposit act of 1836, and \$5,000,000 for claims on account of French spoliations, prior to 1800. The statement concludes—

"So that the whole amount of indebtedness and liabilities on account of past transactions, was, on the first of January, 1841, probably not less than \$36,015,000."

There was also another estimate presented by the gentleman from New York on that occasion, which was the second of his "ominous" statements. It was headed "Estimate of the probable amount of public debt and liabilities, growing out of past transactions, for which the Administration of the next four years may have to provide, being over and above all current expenditures;" and this latter estimate, including \$5,000,000 as a "sum necessary to provide a suitable average balance in the Treasury," is summed up at \$40,380,000.

The statements were characterized by the gentleman from New York as "ominous statements," tending to show the "fallacy" of the position of the President that the country had relieved itself from debt, and the first headed "statement of the public debt regarded as *ascertained and certain*."

It is proper to admit that there is one footing, before the close of the first statement, of "amount of actual debt" \$16,515,000.

Estimates, to be credible, must not only reach the same results, but the items which make up those results must agree. Taking even that conclusion of the gentleman from New York, is he supported by the Secretary? No, sir. True, in one portion of the Secretary's report there is an estimated amount of debt and deficit of \$16,088,215. But how is this sum made up? By including four millions to be raised to be kept in the Treasury, and about three millions for new appropriations of this extra session, and other items varying from those pressed into service in the conjectures of the gentleman from New York. The Secretary agrees with the gentleman from New York neither in his result nor his items. There has been another estimate published with quite an authoritative air, making this *cameleon-like* debt eighteen millions. The gentleman from Georgia has worked out the problem at fourteen millions—and thus, as I have said, gentlemen agree in nothing except an attempt to inculcate the belief that the late Administration has bequeathed to the present an enormous load of public debt. Sir, these varying statements cannot all be true, and the people can never rely on any of them. The subject is a matter of figures, and statements in relation to it must be characterized by exactness and uniformity, in order to gain or deserve confidence with an intelligent community. Seeing these fatal discrepancies, how can we trust to any of these estimates? They are, all of them, as I shall hereafter endeavor to show, baseless as "the fabric of a vision."

It is well known that previous to the late Presidential election, the whole country rung with charges made against the Administration, by the party then seeking office, of extravagance and profligate expenditures. What do we now see? Have

these economical and reforming gentlemen brought forward any system of retrenchment? No. But, on the contrary, every measure proposed by them looks to expenditures on a scale of extravagance heretofore unheard of.

Is it possible that when last winter these monstrous estimates of the sums the present Administration would be obliged to expend, were thrown out, it was for the purpose of paving the way for this premeditated extravagance? How soon after the Presidential election was the note changed! It deserves remembrance that at the last session a distinguished member of the House, now in the other end of the Capitol, [Mr. EVANS of Maine,] denounced the Administration as niggardly and parsimonious, and as neglecting to provide for the great interests of the country; and ridiculed the late Secretary of the Treasury for alluding to a "vigorous reduction of expenditures" as one means of increasing our revenue. The gentleman from Virginia, [Mr. WISE,] in reply, reminded him of the adage of Franklin, that "a penny saved is a penny gained," and he might have also added the authority of a Roman classic, who said, "*Magnum est vectigal parsimonia*." It is a matter of regret that those in power seem not to be alive to the truth of these maxims.

Besides the remarkable manner in which the Secretary makes out a deficit for the year, and then includes debt and deficit together in one gross sum, no where pointing out the amount of the debt, his method of reaching his total of "debt and deficit" is surprisingly curious. He includes \$4,000,000 for a balance to be kept in the Treasury. And we are now asked to borrow that sum, and pay interest upon it, and expense of negotiating the loan, that this balance may be put into the coffers of a new fiscal Bank, to be traded upon, or serve the purposes of speculation to officers of the Government, or to bankers and brokers, by being placed in other Bank depositories.

Again: He includes appropriations which are called for by the present Administration at this extra session, and which the late Administration did not require for the service of the year. In other words, to make a deficit, he includes the sum of \$2,521,336, for what this Administration wishes now to be authorized to expend. It is capable of demonstration that under a prudent and economical administration of the Government, the means were amply sufficient for the service of the year, and that there was no necessity of this called session for supplying those means.

By adding \$4,000,000, the sum proposed to be kept in the Treasury, the Secretary calls his estimated deficit	-	-	\$16,088,215 18
Deduct this sum, of which the Secretary acknowledges there is no necessity so long as the power to issue Treasury notes exists	-	4,000,000 00	
And we have	-	-	\$12,088,215 18
Deduct Treasury notes payable next year	-	-	6,087,274 04
And there remains	-	-	\$6,000,941 14
Deduct, further, the sum asked for new appropriations of this session	-	-	2,521,326 98

Remainder	-	\$3,479,604 16
A further deduction should be made for means omitted by the Secretary—		
Money in mints	-	\$215,151 88
Treasury notes included in the sum of \$1,110,611 08 as demands on this year, not due or payable till the next, and which will not come in till then at least	-	1,000,000 00
		<hr/> 1,215,151 88
		<hr/> \$2,264,452 28
By a document transmitted to the Senate, the Secretary acknowledges a mistake in his estimate of means of	-	619,136 47
		<hr/> \$1,645,315 81
All these deductions leave		
A further deduction ought to be made on account of another error in setting down about 500,000 of Treasury notes, which were redeemed previous to March, as a charge upon the remaining ten months, which would leave the deficit little more than a million. But as this error has not been acknowledged by the Secretary, and I wish to proceed on his own data, it is left out of the amount.		
Here, then, on the Secretary's own estimates of expenditures for the year, is the real amount of this formidable deficit. But, sir, need there be any deficit? How is even this to be produced? Why, by swelling the estimates of expenditures for the year to an extravagant amount. The appropriations for the year, as is demonstrated by the history of the past, furnish the best guide for the expenditures of the year. The appropriations for this year were only from eighteen to nineteen millions of dollars. But taking the sum of twenty millions, which was the largest amount of expenditures for the year of both new and old appropriations proposed by the late Administration, the means for the year are ample. They are stated, up to the 4th March, by Mr. Ewing's report, at \$5,199,885 10 or the remainder of the year at 20,083,592 72 and the amount of the acknowledged error of the Secretary		
	-	619,136 47
		<hr/> \$25,902,614 29

Means of the year - \$25,902,614 29

A sum which no one can doubt would have been fully sufficient to meet the expenditures at the end of twenty millions for the year, and redeem all Treasury notes falling due within the year, and leave a balance in the Treasury at its expiration. The sum proposed to be expended by the Secretary cannot be expended without reducing the amount of the outstanding appropriations at the end of the year greatly below their amount at its commencement. All who understand the operations of the Treasury Department can easily conceive that it is impossible to create a deficit at any given future time. It is only necessary, in order to effect this, to exhaust the Treasury by placing large sums in

the hands of the disbursing officers and agents of the Government.

No one understands this better than the present Secretary of War, for he at a former time introduced a resolution in this House, and entered on investigations for the purpose of fixing such a practice on the late Administration. The estimates for expenditures for the military establishment in the report of the Secretary of the Treasury, must strike all as unnecessarily large. It is scarcely possible that the amount can be prudently and properly expended. I have said, sir, that under an economical administration of the Government, it is demonstrable that the means of the year were sufficient, and that there was no necessity for this called session to supply any deficiency in the Treasury. Has not this been, in effect, admitted here? Why, sir, the gentleman from Kentucky, [Mr. UNDERWOOD,] on occasion of offering a resolution at the beginning of the session on the subject of a Bank, said he wished to test the sense of the House; and if he should ascertain that we could not pass a Bank, he was ready immediately to adjourn and go home. It is not, then, to meet any exigencies of the Treasury that this session has been called, however convenient an excuse such alleged necessity might furnish.

But, sir, what is the rate of expenditure as proposed for the present year in the report of the Secretary, in order to make out his deficit?

The expenditures previous to the 4th of March, are set down at	\$4,627,166 44
Required of old appropriations to complete the year	24,210,000 00

We thus have the sum, aside from the new appropriations asked at this extra session, of	\$28,837,166 44
Add these, amounting to	2,521,336 98

And we have the startling amount of	\$31,358,503 42
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The Secretary's estimate of expenditures for the three months of June, July, and August, is still more excessive, being	\$11,151,693 37
Which, multiplied by	4

Gives, as the rate for the year, the very moderate sum of	\$44,606,773 48
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But the chairman of the Committee of Ways and Means remarked that probably the estimates of expenditures by the Secretary are not too high, and that it was fortunate we had the means of testing his accuracy in the item of the expenses of the extra session. The Secretary, he said, had estimated them at only \$350,000, whereas, we have already appropriated \$394,000. I shall be agreeably disappointed if they do not exceed even that sum, and run up to half a million. If this is to be a test of the accuracy of the Secretary, the result cannot be considered very gratifying. Nor do I conceive that this too low estimate in this respect proves the other estimates to be also too low, for in palliation of this departure from exactness, it may be suggested as natural that, since his friends are responsible for the extra session, the Secretary should wish, so far as he could consistently with truth, to impress

the country with the idea that these expenses were not to be of great amount, while with regard to those estimates which go to make out the necessity for the call of Congress together, an opposite feeling might be supposed to operate.

The gentleman from New York made one complaint against the late Administration as tending to show the necessity of large expenditures, worthy of notice—that various works of internal improvement had been neglected and discontinued, and even the implements sold. This complaint comes certainly not with a very good grace from those who have talked so loudly about economy. The discontinuance of these works was one of the measures of retrenchment and economy of the late Administration, and was owing to the rejection by its friends in Congress of appropriations for their prosecution; on account of a general belief of their unconstitutionality and inexpediency. When we hear such complaints—when we remember the mortal aversion which many gentlemen on the other side entertain towards any thing like a strict construction of the Constitution, and regard the inevitable tendency which an increased and extended exercise of the powers of the General Government must have to increase its expenditures—can any thing else be expected but an enormous enlargement of those expenditures, and wasteful appropriations of the public money producing no corresponding benefit. For it is a fact taught by experience, and resulting from the nature of things, that works of this sort are carried on disadvantageously and ruinously by the General Government, and even in view of economy alone, are much more safely left to State, corporate, or individual enterprise.

Nor can I agree with the gentleman from New York in the opinion which he seems to intimate, that the Government ought not to be obliged to come, from session to session, to Congress, and ask for means in the shape of Treasury notes, as if it were derogatory to its dignity to be obliged to ask this of the Representatives of the people. It is the people who are masters of the Government, and not the Government of the people. The doctrine that the Government ought to be provided profusely and largely with funds, is directly adverse to the practise of economy. Nothing with individuals or with nations tends more to economy than an income limited within reasonable bounds. A redundant Treasury not only conduces to wastefulness and extravagance, as experience has too well shown, but it is no proof of prosperity. From the people the money comes which increases the funds of the Treasury; and thus the richer the Government, the poorer must be the people. In time of peace, I never wish to see a redundant revenue, nor an overflowing Treasury. The best place for the money is the pockets of the people.

But this bill ought not to be considered as standing by itself, isolated and alone, but be also viewed in reference to surrounding circumstances. To regard any measure aside from every thing with which it is connected in its inception and its effects, is not the part of a statesman, but rather that of a monk or hermit in his cell. Considered in connection with the act to distribute the proceeds of the public lands, this bill is—to the amount of

those proceeds—a proposition to borrow money for the purpose of giving it away to the States, and must result in a tax on the people for the purpose of repayment. The money is to be given, not to the people from whose labor it must come, but to the States, to be distributed to corporations or laid out in works of internal improvement, of a partial, local and circumscribed character, to raise the value of scrip in the hands of stockjobbers and brokers, or be loaned out to bankers and speculators. From whence the money is to be derived, no one can doubt. It is to come from the consumers, by this process of taxation by which the poor man who consumes as much in his family as his wealthy neighbor, pays an equal tax, not a tax in proportion to his comparative poverty, but equal in amount. As a necessary result of these measures, there is already a bill before the Committee of Ways and Means proposing a duty of 20 per cent. ad valorem, not on luxuries merely, (for we have heard a great deal here about taxing silk and champagne) but on the necessities of life, such as tea, coffee, sugar, molasses, the spices which are in common use, and various other articles. Yes, you borrow the money, and pay interest for it, and give brokers a commission for negotiating a loan; part of it you are to keep as a source of profit for bankers by calling it a balance in your Treasury; another portion you are to give to the States, for the sake of taxing the people of those States, not in the amount alone which you give the State, but in that amount, and a sum in addition sufficient to pay the expense of collecting the tax, distributing the money, and satisfying interest and commissions. Where you give a State one hundred dollars, you will take from the people of that State one hundred and twenty. And all, it would seem, for the purpose of carrying to its utmost extent the system of taxation which falls on the consumer, and imposing a high tariff which shall promote one interest at the expense of another. Taxation is taxation, no matter by what name you may call it, and to impose high taxes on the people, and then term it “protection,” is only adding insult to injury. Nor can I agree at all with the remarks made by the gentleman from Pennsylvania, [Mr. SERGEANT,] that to argue against heavy taxation from its inequality, is to argue against the Constitution and Union. If taxation by the General Government, is at best unequal in its operation, this presents a strong and unanswerable reason for economy, and for keeping the operation of the Government within the limits prescribed by the Constitution. Has it come to this, that arguments against unequal and oppressive taxation of the people are to be urged here? Sir, I deny that such arguments evince any want of respect for the Constitution or the Union, but directly the contrary. Those are the true disunionists who are constantly striving that the General Government should assume powers never conferred, and whose measures tend to consolidation and centralization, “which is but another name for tyranny,” and to overwhelm and destroy the rights of the State Governments which Jefferson has called, “the surest bulwarks against anti-republican tendencies.” They are true disunionists, because such measures, persevered in against the letter and

spirit of the compact which binds the States together, must inevitably in the end produce reaction and resistance, among a people jealous of their rights.

I have said, Mr. Chairman, that this bill is a proposition to borrow money for the purpose of giving it to the States. It is also thus in effect a proposition to borrow money for the purpose of assuming the debts of the States. The arguments offered in favor of the distribution bill by its friends, show the correctness of this position. The most prominent of those arguments, and that which has been iterated and reiterated, is drawn from the indebtedness of the State Governments. The gentleman from Massachusetts [Mr. SALTONSTALL] in his remarks on the measure now under consideration has alluded to that distribution as a great and "most beneficial measure to relieve the embarrassment of the States." How are the States to be relieved from embarrassments, unless by the discharge of their debts? And what is the difference whether the General Government enables the States to do this, or does it directly for the States? In connection with this, the remarkable letters from European bankers on this subject, which have lately been communicated to the Senate, cannot escape our attention.

The message of the President to the Senate, of June 29, 1841, encloses the following letter from the Secretary of State:

"DEPARTMENT OF STATE,
Washington, June 24, 1841.

"The Secretary of State, to whom has been referred the resolution of the Senate of the 14th instant, requesting the President of the United States to 'inform the Senate, if any application has been made officially to him, or the State or Treasury Department, by the holders of State stocks, or others on their account, respecting the payment or assumption of them; and to furnish copies of any correspondence which taken place in relation to the subject,' has the honor to report to the President, that various letters relating to the subject of State stocks have been received at this Department, copies of which, and of the papers communicated with them, are hereunto annexed, to wit: from Messrs. de Rothschild and Sons, bankers of the United States in London, dated the 2d of April, 1841, addressed to the late President of the United States; extract of a letter from the same to the Secretary of State, dated the 7th of April; letter from Joshua Bates to the Secretary of State, dated the 5th of May, extract of a letter from de Rothschild and Sons, dated the 26th of May; letter to the Secretary of State from the Charge d'Affaires of the United States at the Hague, dated the 4th of May; letter from Henry J. Williams to the Secretary of State, dated 14th or June.

"These letters not appearing to require any answers, none have been given.

"Respectfully submitted.

"DANIEL WEBSTER.

To the PRESIDENT."

In the letter of N. M. Rothschild and Sons to President Harrison, of April 2, 1841, in reference to the debt of Indiana, are the following passages:

"The unfavorable reports which have been circulated in respect to the inadequate provision for the payment of the interest, have already had a material effect in depressing the stock of Indiana, and the price has fallen ten to fifteen per cent. If the non-payment should be actually allowed to take place, we apprehend the consequences would be extremely prejudicial, and would not only be strongly felt in the case of the credit of this individual State, but doubtless also in that of the credit of the States of the Union, and, we fear, would greatly injure, likewise, the commercial credit of the country."

"The high sense expressed in your inaugural address of the importance of the various States of the Union maintaining their credit, by the fulfilment of their engagements, and the enlightened views expressed in regard to the intimate connection of their proceedings with the honor of the Republic, have produced much general satisfaction and approbation; and, although aware how much the great concerns you have to direct must engross your attention, we are emboldened by those favorable sentiments to bring to your notice the circumstance of

the deficiency in the means of the State of Indiana for the payment of her next dividend. A word from you, or the least interposition in her favor, could not fail to afford relief in the present exigency; and, it appears to us that, in order to be effective, SOME MEASURE should be adopted with as little delay as possible."

Extract of a letter from N. M. Rothschild and Sons to the Secretary of State, dated London, April 7, 1841, on the same subject.

"If the non-payment of the said dividends were permitted to take place, the consequence would be extremely prejudicial to the financial and commercial credit of America, as it would be an unprecedented instance of one of the States of the Union failing in the fulfilment of her engagements to her creditors; and we consider it of so much importance that an occurrence of this nature should be avoided, that we are induced to recommend it to the attention of the Federal Government."

"We beg leave, therefore, to represent to you, that any interposition in her behalf would require to be prompt, in order to be effectual."

Letter from Joshua Bates to the Secretary of State, dated New York, May 25, 1841.

"SIR: By request of the parties interested, I beg to enclose the copy of a memorial that I have received, signed by the proprietors of Mississippi stock in London, addressed to the Governor of that State. I am requested to desire you will be so kind as to lay the same before the President, and to do all in your power to induce that State to comply with its engagements."

"To the Hon. DANIEL WEBSTER,

"Secretary of State."

Extract of a letter from N. M. Rothschild and Sons, to the Secretary of State, dated London, May 26, 1841, in relation to Mississippi bonds.

"We consider, therefore, that this is a case of the utmost importance, in a financial as well as commercial view, to the national character and credit of the United States, from the general expectations which are entertained that your able administration will pursue a sound policy, honorable as well as advantageous to the Republic, and from the high opinion we have formed of your enlightened views and zealous regard for the real interests of your country, we have no doubt but you will deem an occurrence of this nature worthy of particular attention," &c.

There is also a letter from H. J. Williams, dated June 14, 1841, to the Secretary of State, and a similar one to the Secretary of the Treasury, enclosing a memorial from the holders of the bonds issued by the Bank of Pensacola, addressed to the Governor and Council of the Territory of Florida, with an extract of a letter from Messrs. Gowan and Maix, by whom these memorials were forwarded to this country:

Extract from the letter of Henry J. Williams.

"The General Government have always been so scrupulous in discharging their admitted obligations, that the memorialists cannot be mistaken in believing that they will take care that their dependencies shall fulfil the contracts into which they have entered, especially as the laws made upon their credit have actually been expended in the construction of public improvements which must, at some period, prove highly beneficial to the whole community."

Extract of a letter from Gowan and Maix, dated

"LONDON, May 26, 1841.

"We beg of you, in forwarding the copies to Mr. Webster and Ewing, to urge upon them this view of the case, in addition to that on which all Americans should be most sensitive, viz: good faith with the public creditor, which should be equally dear to them with their liberty, and which, unless preserved untarnished, must prove a fatal bar to their future prosperity; and in a complicated Government like that of the United States, the dishonor of one member cannot but reflect on the whole."

[Mr. FILLMORE here desired that the reply of Mr. Ewing to the letter of Mr. Williams should be read.]

Mr. ATHERTON read it as follows:

"TREASURY DEPARTMENT, June 18, 1841.

"SIR: I have received your letter of the 14th instant, enclosing copies of certain papers, purporting to have been received from Messrs. Gowan and Maix of London, relative to the bonds of the Bank of Pensacola. I am not aware that this Department has the slightest interest or duty in the matter except the general desire that every engagement made by corporations or individuals may be strictly fulfilled."

Now, sir, it is well known by every one that the

"Treasury Department" could not act efficiently in the premises, however much they might be influenced by a "general" or particular "desire" that these engagements should be strictly fulfilled, unless in obedience to some action of Congress.

But does the Secretary of the Treasury plainly and explicitly state that the General Government is only liable for debts contracted by itself, and can only be held responsible for such? And what was the course of Mr. Webster with regard to these most surprising letters addressed to the late President and to himself. The reply is given in his own words:

"These letters not appearing to require any answers, none have been given."

Does silence give assent to the monstrous doctrines of those letters? It seems to me that no letters could require a reply if these did not, and it was, as I conceive, a gross dereliction of duty that a suitable response was not given. These European bankers should have been informed at once that this General Government has no constitutional power to pay the debts of the States, and is in no wise responsible for them.

We surely ought to be much obliged to these foreigners for their anxious solicitude for the honor of this General Government—for their "apprehensions of prejudicial consequences" to our credit—their regard for the national character of the United States, and their high opinion of the "enlightened views and zealous regard for the real interests" of the country entertained by some of our statesmen; as also for their lectures to us inculcating the doctrine that good faith with the public creditor should be equally dear to us with liberty, and that "in a complicated Government like that of the United States, the dishonor of one member cannot but reflect upon the whole."

And these are the letters which the Secretary says required no answer! But, on reflection, they may have already discharged their office, for they may have been intended, judging from the nature of the reasons urged in its favor, to cause the passage of the Distribution bill. No one can surely doubt that if an agent of these foreigners could have had a vote here on that occasion, he would have voted for the bill, and on the very grounds set forth in these letters, which certainly have much resemblance to many things we have heard on this floor. It seems to me that such language as that used by the gentleman from New York [Mr. BARNARD] in this debate, has truly an "ominous" import. Replying to his colleague, the gentleman said:

"If he supposes the Governments of Europe are going to give us credit for honor and integrity while a sovereign State refuses to pay its debts, he is mistaken."

Does it not follow, that in order to support our "credit for honor and integrity," we must ourselves act in behalf of the States? True the gentleman disclaims being an advocate for assumption, but I cannot do so much injustice to his lucid understanding as to suppose him not to perceive that his sentiments imply that the General Government has some obligation incumbent upon it in relation to these State debts. The gentleman from New York characterized the subject as "one to be looked to by this Government, and this whole people, and

that may come upon us sooner than we are aware;" and further, he exclaimed, "we may talk about State rights—the Governments of Europe do not, and ought not, to understand our doctrines on that subject!" A "subject to be looked to by this Government!" Why, unless the Government has the power to act in relation to it? Why "ought not" the Governments of Europe to "understand our doctrines of State rights," unless because they have a right to hold the General Government liable, and, of course, because there is some responsibility resting upon the General Government to assume, guaranty, or discharge the debts? And was this silence of the Secretary of State caused by the consideration that the Governments of Europe "ought not" to understand the position of the General Government on this subject? Sir, I repeat that I cannot but consider such language as "ominous" of attempts, to say the least, at still further progress in the direction of entire assumption, towards which the distribution bill is the first step, rather let me say, stride. Let us look, for a moment, at the operation of that bill connected with the loan bill, as illustrated by an example of what might take place under both. Suppose the Rothschilds to hold a bond of one of the States to the amount of one hundred thousand dollars. Suppose them to subscribe to this loan to the same amount. Suppose further the annual distributive share of that State, in the proceeds of the public lands, to be also of the same amount. The Rothschilds pay the money to the Secretary of the Treasury, and receive scrip therefor. The Secretary of the Treasury pays the money to the State, and the State pays it in discharge of its bonds to the Rothschilds, who thus have their money, and the security of the General Government, instead of the State. The whole business might be transacted in a less circuitous manner. The Rothschilds would have merely to receive their scrip for the loan of one hundred thousand dollars to the General Government, and in consideration thereof discharge their bond against the State—in other words, the General Government might give to the Rothschilds its security in place of the bond of the State. Is not this assumption to the amount indicated? The mode may be covert and insidious, but this is a fair illustration of the result.

I am opposed to this twelve million loan, because it is entirely unnecessary, and can only serve as the commencement of a large national debt in time of peace. I know the desire of such a debt is frequently disclaimed, as is also the doctrine that a national debt is a national blessing; and I certainly do not impute to gentlemen sentiments opposite to their professions. But were I for building up a splendid central consolidated Government—for a magnificent scheme of internal improvements to be carried on by the General Government—for a high tariff, which should enrich the few at the expense of the many—were it my desire to make the rich richer and the poor poorer, by taxing equally poor and rich to benefit the latter and weaken the former, then would I favor the creation of a national debt, and vote for this bill as an entering wedge to such a system.

[The CHAIRMAN here intimated that the hour allowed by the rule had expired.]